

Message Text

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ORIGIN L-03

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 EB-08 SS-15 SIG-01
OIC-02 AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 NSC-05 STR-04 CEA-01 AF-08 ARA-06 NEA-10 /130 R

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S/S - MR. SEBASTIAN

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P R 241818Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY BONN PRIORITY
AMEMBASSY LONDON PRIORITY
AMEMBASSY PARIS PRIORITY
AMEMBASSY TOKYO PRIORITY
AMEMBASSY BRUSSELS PRIORITY
AMEMBASSY THE HAGUE PRIORITY
AMEMBASSY ROME PRIORITY
AMEMBASSY OSLO PRIORITY
AMEMBASSY OTTAWA PRIORITY
USMISSION EC BRUSSELS PRIORITY
AMEMBASSY BERN PRIORITY
AMEMBASSY CANBERRA PRIORITY
INFO USMISSION OECD PARIS
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C O N F I D E N T I A L STATE 041453

E.O. 11652: GDS

TAGS: EINV, EGEN, UN, ECOSOC

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SUBJECT: OECD-XCSS - ILLICIT PAYMENTS

REFS: (A) USUN 382; (B) USUN 406

1. IN VIEW OF SHORT TIME REMAINING BEFORE FINAL SCHEDULED
SESSION OF ECOSOC WORKING GROUP ON PROBLEM OF CORRUPT
PRACTICES (MARCH 28-APRIL 8) AND LIMITED PROGRESS MADE TO

DATE (REFTELS), DEPARTMENT BELIEVES IT NECESSARY TO PUSH INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS AT POLITICAL LEVEL. XCSS SCHEDULED FOR MARCH 3-4 AFFORDS LOGICAL OPPORTUNITY, BUT CONSIDERING DIFFICULTY OF ADDING ANOTHER ITEM TO HEAVY AGENDA AT THIS LATE DATE, UNDER SECRETARY COOPER WILL RAISE ISSUE AT SMALL GROUP DINNER THURSDAY EVENING.

2. FOR BONN, PARIS, ROME, LONDON, TOKYO, OTTAWA, BERN, OSLO, USEC: YOU ARE REQUESTED TO ADVISE APPROPRIATE SENIOR OFFICIALS OF HOST GOVERNMENTS THAT UNDER SECRETARY COOPER WILL RAISE THE SUBJECT AT THE SMALL DINNER, AND TO PASS THEM THE AIDE-MEMOIRE OUTLINED BELOW.

3. FOR BRUSSELS, THE HAGUE, CANBERRA: YOU ARE REQUESTED TO PASS THE AIDE-MEMOIRE SET OUT BELOW TO APPROPRIATE SENIOR OFFICIALS OF HOST GOVERNMENTS.

4. BEGIN: THE UNITED STATES GOVERNMENT WISHES TO CONSULT CLOSELY WITH ITS OECD PARTNERS IN ADVANCE OF NEXT, AND CRITICAL, SESSION OF ECOSOC AD HOC INTER-GOVERNMENTAL GROUP ON THE PROBLEM OF CORRUPT PRACTICES WHICH WILL MEET AT NEW YORK MARCH 28-APRIL 8. THE MANDATE OF THE WORKING GROUP IS TO CONDUCT AN EXAMINATION OF CORRUPT PRACTICES, TO ELABORATE IN DETAIL THE SCOPE AND CONTENT OF AN INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS, AND TO CONSIDER OTHER POSSIBLE MEASURES TO COMBAT CORRUPT PRACTICES. THE GROUP IS TO REPORT IN A FORM THAT PERMITS THIS SUMMER'S ECOSOC TO MAKE CONCRETE RECOMMENDATIONS TO THE GENERAL CONFIDENTIAL

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ASSEMBLY FOR FINAL ACTION.

5. PROGRESS IN THE WORKING GROUP HAS BEEN SLOW BUT AN AGREED LIST OF ISSUES HAS NOW BEEN ADOPTED AND DRAFTING CAN BE EXPECTED TO PROCEED AT THE NEXT SESSION. CONSIDERATION IS BEING GIVEN TO SCHEDULING AN ADDITIONAL WEEK THIS SPRING IF NECESSARY TO FINISH THE WORK.

6. THE UNITED STATES CONTINUES TO BELIEVE THAT EFFECTIVE INTERNATIONAL ACTION IS NECESSARY TO COMBAT ILLICIT PAYMENTS. WHILE WE RECOGNIZE THE DELICACY AND DIFFICULTY OF THE PROBLEM, WE BELIEVE THAT ACTION MUST BE TAKEN TO RESTORE CONFIDENCE IN ESTABLISHED INSTITUTIONS, AND TO EASE THE BURDEN OF CORRUPTION ON INTERNATIONAL TRADE AND INVESTMENT. WE ALSO BELIEVE THERE IS AN OPPORTUNITY, AT THIS MOMENT OF HISTORY, TO MAKE A SIGNIFICANT, ALBEIT LIMITED, IMPROVEMENT IN THE SITUATION IF THERE CAN BE CONCERTED ACTION ON A BROAD FRONT.

7. THE UNITED STATES GOVERNMENT HAS MADE SPECIFIC PROPOSALS FOR AN INTERNATIONAL AGREEMENT TO ACHIEVE THESE OBJECTIVES. WE HAVE RECEIVED COMMENTS FROM OTHER GOVERNMENTS ON OUR IDEAS REFLECTING BROAD SUPPORT FOR THE GENERAL CONCEPT OF AN INTERNATIONAL AGREEMENT AND RESERVATIONS OVER CERTAIN SPECIFICS, PARTICULARLY THE PUBLIC DISCLOSURE OF PAYMENTS MADE IN CONNECTION WITH GOVERNMENT PROCUREMENT IN INTERNATIONAL TRADE. WE ARE INTERESTED IN WORKING WITH OTHER GOVERNMENTS TO DEVELOP A COMMON APPROACH AND ARE NOT RIGID IN OUR IDEAS. HOWEVER, WE HAVE THE IMPRESSION THAT SOME OF OUR PARTNERS IN THE OECD HAVE NOT YET TAKEN THE DECISIONS, WHICH WE BELIEVE NECESSARY, TO ADOPT NEW MEASURES, BEYOND TRADITIONAL PENAL LAWS, THAT CAN BE EFFECTIVE.

8. ACCORDINGLY, WE WOULD LIKE TO DISCUSS THESE MATTERS AMONG SENIOR OFFICIALS AT THE SMALL GROUP DINNER ON CONFIDENTIAL

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MARCH 3 DURING THE XCSS. IN ADDITION, WE ARE PREPARED TO INVITE REPRESENTATIVES OF THE OECD COUNTRIES PARTICIPATING IN THE ECOSOC WORKING GROUP - AS MEMBERS OR OBSERVERS - TO MEET WITH THE UNITED STATES DELEGATION WITH A VIEW TO CONCERTING OUR APPROACHES TO THE PROBLEM FOR THE MARCH 28 MEETING OF THE WORKING GROUP. THE USG IS PREPARED TO HOST SUCH A MEETING IN WASHINGTON IN MID-MARCH (E.G. MARCH 17-18) BUT WE WOULD BE PREPARED TO COME TO A EUROPEAN CAPITAL IF ANOTHER GOVERNMENT SHOULD BE INTERESTED IN HOSTING THE MEETING. END.
VANCE

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